



## **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**

**[Docket No. FR-5921-N-03]**

### **Implementation of the Privacy Act of 1974, as Amended**

#### **System of Records Notice Amendment, Home Equity Reverse Mortgage Information Technology**

**AGENCY:** Office of Housing, HUD.

**ACTION:** System of Records Notice Amendment.

**SUMMARY:** In accordance with the Privacy Act of 1974, the Department of Housing and Urban Development is giving notice that it intends to amend one of its systems of records published in the **Federal Register** at 77 FR 61620 on October 10, 2012, the Home Equity Reverse Mortgage Information Technology (HERMIT). This notice will be written to include updates to the former notice routine uses and records categories statements. This notice also incorporates administrative and format changes to convey already published information in a more synchronized format. A more detailed description of the revision created by this notice is defined under this notice supplementary information caption.

**DATES: Effective Date:** The notice shall be effective immediately upon publication of this notice in the **Federal Register**, except for the new routine use created, which will become effective **[INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**, unless comments are received that would result in a contrary determination.

**[COMMENTS DUE DATE]: [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].**

**ADDRESSES:** Interested persons are invited to submit comments regarding this notice to the Rules Docket Clerk, Office of the General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10276, Washington, DC 20410-0500.

Communication should refer to the above docket number and title. Faxed comments are not accepted. A copy of each communication submitted will be available for public inspection and copying between 8 a.m. and 5 p.m. weekdays at the above address.

**FOR FURTHER INFORMATION CONTACT:** Frieda B. Edwards, Acting Chief Privacy Officer, 451 Seventh Street, SW, Room 10139, Washington, DC 20410, telephone number 202-402-6828 (this is not a toll-free number). Individuals who are hearing- and speech-impaired may access this number via TTY by calling the Federal Relay Service telephone number at 800-877-8339 (this is a toll-free number).

**SUPPLEMENTARY INFORMATION:** The HERMIT notice amendment will identify: (1) new disclosure requirements, by adding routine use number eight to clarify that records may be provided from this system to housing counselors when needed to comply with new housing counseling policies and training and certification related requirements; (2) updates to the record categories to include a “Loan Production” category, which will distinguish when specific records are collected by this system during this phase; (3) new records on the certificate of qualification to verify that a housing counselor is certified by HUD as a component to provide counseling services. Publication of this notice allows the Department to keep an up-to-date accounting of its system of records publications. This publication meets the threshold requirements pursuant to the Privacy Act and OMB Circular A-130. A report was submitted to the Office of Management

and Budget (OMB), the Senate Committee on Homeland Security and Governmental Affairs, and the House Committee on Government Reform as instructed by Paragraph 4c of Appendix 1 to OMB Circular No. A-130, “Federal Agencies Responsibilities for Maintaining Records About Individuals,” July 25, 1994 (59 FR 37914).

**AUTHORITY:** 5 U.S.C. 552a; 88 Stat. 1896; 42 U.S.C. 3535(d).

Dated: April 28, 2016.

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Patricia A. Hoban-Moore  
Senior Agency Official for Privacy

**[Docket No. FR-5921-N-03]**  
**BILLING CODE: 4210-67**

**SYSTEM OF RECORDS NO.:** HSNG/HWAT.01

**SYSTEM NAME:** Home Equity Reverse Mortgage Information Technology (HERMIT) – P271.

**SYSTEM LOCATION:** The system is accessible at workstations located at the following locations: Department of Housing and Urban Development Headquarters, 451 Seventh Street, SW, Washington, DC 20410; HUD's Field and Regional Office locations: The National Servicing Center, 2 West 2nd Street, Suite 400, Tulsa, OK 74103; Atlanta Homeownership Center, Five Points Plaza, 40 Marietta Street, Atlanta, GA 30303; Philadelphia Homeownership Center, Wanamaker Building, 100 Penn Square East, Philadelphia, PA 19107; Denver Homeownership Center, Processing and Underwriting, 20th floor, 1670 Broadway, Denver, CO. 80202; and Santa Ana Homeownership Center, Santa Ana Federal Building, 34 Civic Center Plaza, Room 7015, Santa Ana, CA 92701. The system is externally hosted at the business service provider's site (contractor primary) and disaster recovery facilities.

**CATEGORIES OF INDIVIDUALS COVERED BY THE SYSTEM:** HECM mortgagees and HECM mortgagors for Home Equity Conversion Mortgages insured under HUD's HECM mortgage insurance program and FHA-Approved Housing Counselors who participate in the HECM program. Note: The Privacy Act applies to the extent that the information collected pertains to an individual; information pertaining to corporations and other business entities and organizations are not subject to the Privacy Act.

**CATEGORIES OF RECORDS IN THE SYSTEM:** HERMIT information is collected on individual program participants.

- **Loan Production:** HERMIT loan production records include personally identifiable information (PII) data pertaining to HECM Housing Counseling data: full name of

HECM housing counselor, HECM Certificate of Counseling, HECM counselor ID numbers, and borrowers' full names, property addresses, birthdates, Social Security numbers, and phone numbers.

- **Insurance-in-Force (IIF)/Premiums:** HERMIT insurance-in-force and premium records include PII data pertaining to borrowers' full names, property addresses, birthdates, Social Security numbers, phone numbers and dates of death; maximum claim amount (MCA), property appraised values, initial and monthly mortgage insurance premiums (IMIP and MMIP), set asides, note interest rates and expected interest rates and case statuses and sub-case statuses; payment plan types, and other financial account data such as principal limits, monthly interest accruals, late charge and interest charge fees, historical transaction records for HECM cases, property taxes and hazard insurance amounts, business partners' banking information (routing and account numbers); and accounting data including accounts receivable and payable due to and from HUD.
- **HECM Claims:** Borrowers' names, addresses, Social Security numbers; MCAs, due and payable approvals; death notifications, deed-in-lieu; foreclosure actions, extension approvals, interest rates and account statuses; payment and other financial account data such as unpaid loan balances, interest accrued, service fees, expenses incurred for foreclosure and acquisition, protection and preservation, attorney fees, special assessments; disbursements for taxes, insurance, utilities, eviction fees, and any other miscellaneous disbursements; initial and monthly mortgage insurance premiums (IMIP and MMIP), appraisals, closing costs; claims filed and paid; indemnifications and claim blocks; business partner banking information tax identification number (TIN), routing and account numbers), mortgagee reference number; accounting data, including

established accounts receivables and payables; and information for reporting and assumption of servicing activities in cases of investor claim or default.

- **HECM Loan Servicing:** Borrowers' and authorized contacts' names and addresses, birthdates, ages, Social Security numbers, phone numbers; e-mail addresses; marital statuses, genders, preferred languages, banking information (institutional information, routings account numbers and account types) maximum loan amounts, premium collections, interest rates and account statuses; payments and other financial account data such as loan balances, loan history, interest accrued, fees incurred, claims filed and paid, real estate property information, property taxes and insurance amounts, accounting data, including debits and credits to HUD accounts based on transaction events, vendor information; and information for reporting and assuming servicing activities in case of servicer or investor claim or default.

**AUTHORITY FOR MAINTENANCE OF THE SYSTEM:** Section 255 of the National Housing Act of 1934 authorizes the Federal Housing Administration (FHA) reverse mortgage program for the elderly, the Home Equity Conversion Mortgage (HECM) program (12 U.S.C.1715Z-20). The Housing and Community Development Act of 1987 (42 U.S.C. 3543) specifically provides authority to collect Social Security numbers.

**PURPOSE:** HERMIT integrates the endorsement; insurance servicing; claims payment; notes servicing, accounting, and reporting requirements of FHA's HECM insurance program. The HECM program promotes continued homeownership for the elderly by allowing elderly borrowers to access the equity in their homes while continuing to live in the property. HERMIT allows the Secretary to maintain the "public trust" over the HECM program by seamlessly, accurately, and timely managing the HECM program in an automated environment. HERMIT

allows HECM program personnel to collect and maintain the data necessary to support activities related to the endorsement of loans and collection of IMIP and MMIP. The claims process includes the filing of claims for insurance benefits and disbursement of funds to lenders of loans insured under the HECM program. Servicing activities include maintaining the data necessary to support performance requirements of servicing for FHA-insured and Secretary-held first and second mortgages. The major activities include acceptance of assignment and title review, servicing requests for HECM endorsed cases from mortgagees (due and payable, short sale, preservation and protection costs, subordination extension requests, and partial releases), accounting functions, collections according to the Fair Debt Collection Practices Act, disbursement of payment, annual recertification, foreclosure activities, bankruptcy activities, and compliance monitoring. HERMIT provides HECM mortgagees with the ability to interact with HUD's National Servicing Center (NSC) to improve HECM loan servicing and to provide an automated claims filing process.

**ROUTINE USES OF RECORDS MAINTAINED IN THE SYSTEM, INCLUDING**

**CATEGORIES OF USERS AND THE PURPOSES OF SUCH USES.** In addition to those disclosures generally permitted under 5 U.S.C. Section 552a(b) of the Privacy Act, all or a portion of the records or information contained in this system may be disclosed outside HUD as a routine use pursuant to 5 U.S.C. 552a(b)(3) as follows:

- (1) To servicing mortgagee to give notice of miscalculations or other errors in subsidy computation, to pay claims, or for other servicing-related functions.
- (2) To taxing authorities, insurance companies, homeowners associations, or condominium associations for maintaining the property while HUD is the servicer of record to ensure property taxes are current.

- (3) To the U.S. Department of the Treasury for collection and disbursement transactions (Pay.gov, Automated Clearing House (ACH)).
- (4) To title insurance companies or financial institutions to allow HUD to respond to inquiries for payoff figures on HECM assigned loans.
- (5) To recorders' offices for recording legal documents and responses to bankruptcy courts or other legal responses required during the servicing of the insured loan to allow HUD to release mortgage liens, respond to bankruptcies or deaths of mortgagors to protect the interest of the Secretary of HUD.
- (6) To the Federal Bureau of Investigation to investigate possible fraud revealed in the course of servicing efforts to allow HUD to protect the interest of the Secretary.
- (7) To an Administrative Law Judge and to the interested parties to the extent necessary for conducting administrative proceedings where HUD is a party.
- (8) To welfare agencies for fraud investigation to allow HUD to respond to state government inquiries when a HECM mortgagor is committed to a nursing home.
- (9) To housing counselors to comply with new HECM housing counseling policies to include training and certification.
- (10) To FHA-approved HECM mortgagees to comply with new HECM statutory requirements and FHA HECM policies issued via mortgagee letters and updates to Housing handbooks.
- (11) To appropriate agencies, entities, and persons to the extent such disclosures are compatible with the purpose for which the records in this system were collected, as set



forth by Appendix I<sup>1</sup> – HUD’s Routine Use Inventory Notice published in the Federal Register.

- (12) To appropriate agencies, entities, and persons when:
- a) HUD suspects or has confirmed that the security or confidentiality of information in a system of records has been compromised;
  - b) HUD has determined that as a result of the suspected or confirmed compromise there is a risk of harm to economic or property interests, identity theft, or fraud, or harm to the security or integrity of systems or programs (whether maintained by HUD or another agency or entity) that rely upon the compromised information; and
  - c) The disclosure made to such agencies, entities, and persons is reasonably necessary to assist in connection with HUD’s efforts to respond to the suspected or confirmed compromise and prevent, minimize, or remedy such harm for purposes of facilitating responses and remediation efforts in the event of a data breach.
- (13) The National Archives and Records Administration (NARA) and the General Services Administration (GSA) for records having sufficient historical or other value to warrant its continued preservation by the United States Government, or for inspection under authority of Title 44, Chapter 29, of the United States Code.
- (14) A congressional office from the record of an individual, in response to an inquiry from the congressional office made at the request of that individual.

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<sup>1</sup> <http://portal.hud.gov/hudportal/documents/huddoc?id=append1.pdf>

**POLICIES AND PRACTICES FOR STORING, RETRIEVING, ACCESSING,  
RETAINING, AND DISPOSING OF RECORDS IN THE SYSTEM:**

**STORAGE:** Records in this system are stored electronically in secure facilities. Electronic files are stored in case files on secure servers and backup files are stored on tapes. Electronic files are replicated at a disaster recovery offsite location in case of loss of computing capability or other emergency at the primary facility. HERMIT does not have paper records.

**RETRIEVABILITY:** Electronic records are retrieved by name, SSN, Loan Skey, home telephone number, personal email address, FHA case number and mortgagee TIN.

**SAFEGUARDS:** Access to electronic records is by: (1) user ID and password and (2) code identification card access, and limited to authorized users with an approved need-to-know.

In addition to the safeguards provided by access controls, all electronic data is encrypted while stored on any systems media within HERMIT or in any transport mode. Servers are contained in a secured facility with twenty four hours and seven days a week security, including security guards, electronic access and surveillance capabilities (Close Caption Television (CCTV) and recorders, motion detectors, hand geometry readers, and/or fiber vault) at an offsite location. HERMIT does not have paper records.

**RETENTION AND DISPOSAL:** In accordance with General Records Schedule 1.1, Financial Management and Reporting Records, Items 010 and 011, the records are maintained for six years or when business use ceases. Paper records are not in use. Backup and Recovery digital media will be destroyed or otherwise rendered irrecoverable per NIST SP 800-88 “Guidelines for Media Sanitization” (September 2006).

**SYSTEM MANAGER AND ADDRESS:** Director, Office of Housing, Office of Finance and Budget, Department of Housing and Urban Development, 451 Seventh Street, SW, Washington, DC 20410.

**NOTIFICATION AND RECORD ACCESS PROCEDURES:** For Information, assistance, or inquiries about the existence of records contact Frieda B. Edwards, Acting Chief Privacy Officer, 451 Seventh Street, SW, Room 10139, Washington, D.C. 20410, telephone number 202-402-6828. When seeking records about yourself from this system of records or any other HUD system of records, your request must conform with the Privacy Act regulations set forth in 24 CFR Part 16. You must first verify your identity by providing your full name, current address, and date and place of birth. You must sign your request, and your signature must either be notarized or submitted under 28 U.S.C. § 1746, a law that permits statements to be made under penalty of perjury as a substitute for notarization. In addition, your request should:

- (1) Explain why you believe HUD would have information on you.
- (2) Identify which HUD office you believe has the records about you.
- (3) Specify when you believe the records would have been created.
- (4) Provide any other information that will help the FOIA staff determine which HUD office may have responsive records.

If you are seeking records pertaining to another living individual, you must obtain a statement from that individual certifying their agreement for you to access their records. Without the above information, the HUD FOIA Office may not be able to conduct an effective search, and your request may be denied due to lack of specificity or lack of compliance with applicable regulations.

**CONTESTING RECORD PROCEDURES:** The Department's rules for contesting contents of records and appealing initial denials appear in 24 CFR Part 16, Procedures for Inquiries. Additional assistance may be obtained by contacting Frieda B. Edwards, Acting Chief Privacy Officer, 451 Seventh Street, SW, Room 10139, Washington, D.C. 20410, or the HUD Departmental Privacy Appeals Officers, Office of General Counsel, Department of Housing and Urban Development, 451 Seventh Street, SW, Room 10110 Washington D.C. 20410.

**RECORD SOURCE CATEGORIES:** Records in the system are obtained from FHA-approved HECM mortgagees and third party providers, mortgagors, taxing authorities, insurance companies, and Housing counselors. FHA-approved HECM mortgagees collect the personal information from program participants (mortgagors) and enter the information into the FHA Connection – HUD's forward facing webpage portal. The FHA Connection transfers HECM information to the Computerized Homes Underwriting Management System (CHUMS). CHUMS updates HERMIT via an authorized interface to provide HECM information.

**SYSTEMS EXEMPTED FROM CERTAIN PROVISIONS OF THE ACT:** None

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